



---

**SF 197** – Unemployment Insurance Modernization (LSB1434SV)  
Analyst: Ron Robinson (Phone: 515-281-6256) ([ron.robinson@legis.state.ia.us](mailto:ron.robinson@legis.state.ia.us))  
Fiscal Note Version – New

---

### **Description**

**Senate File 197** relates to unemployment benefits and brings Iowa into compliance with federal law, which will result in the receipt of one-time additional federal funding. The Bill:

- Establishes a benefits extension for specified individuals enrolled in specified training programs. The employers are not charged for this benefit.
- Provides an alternate method of calculating the base wage period for unemployment benefit purposes.
- Specifies that a part-time worker is not required to be available for, seek, or accept full-time employment to qualify for unemployment benefits.
- Waives employer charges for unemployment benefits paid for temporary workers who have been replaced by the return of specified military personnel who returns to their prior position.

The Bill also appropriates any federal funds received by the State, due to the enactment of this Bill, to the Unemployment Compensation Trust Fund and provides for the possible delay in the calculation of the contribution rate table.

The effective and applicability dates of the Bill sections amending, Section 96.3, Code of Iowa, pertaining to extended training benefits, and Section 96.4, Code of Iowa, pertaining to an alternate method of calculating the base wage period, begins on or after July 5, 2009.

### **Background**

The Federal American Recovery and Reinvestment Act provides the following funding:

- An estimated \$47.2 million is anticipated to be available in federal funding by the State's enactment of an extended training period and codifying the part-time worker provision.
- An estimated \$23.6 million is anticipated to be available in federal funding due to the State's enactment of an alternative base period.
- An additional \$5.1 million has been authorized for State unemployment insurance and employment service operations without any requirements.

### **Assumptions**

- The benefits extension for individuals enrolled in a training program will not change the number of claimants participating in training programs.
- The alternate method of calculating the base wage period will increase benefits approximately 3.8% annually.
- The Iowa Department of Workforce Development (IWD) will require an additional 7.7 FTE positions in FY 2010 at an estimated cost of \$359,000. The staff need will be reduced to \$343,000 and 7.5 FTE positions for FY 2011.
- An insured unemployment rate of 2.4%.

### **Fiscal Impact**

The benefits extension for individuals enrolled in a training program will increase annual Trust Fund expenses by an estimated \$7.8 million.

The alternate method of calculating the base wage period will increase annual Trust Fund expenses by an estimated \$12.4 million.

Federal Fund expenses for staffing and administration at IWD will increase by \$359,000 in FY 2010 and \$343,000 in FY 2011.

An estimated \$70.8 million is anticipated to be available in one-time federal funding by the State's enactment of an extended training period, codifying the part-time worker provision, and the State's enactment of an alternative base period.

### **Sources**

Iowa Workforce Development (IWD)  
Federal American Recovery and Reinvestment Act (ARRA)  
Federal Funds Information for States (FFIS)

/s/ Holly M. Lyons

---

March 5, 2009

---

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56, Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.

---